



**Economic and Social
Council**

Distr.
GENERAL

E/ECE/1390
29 August 2001

ORIGINAL: ENGLISH

ECONOMIC COMMISSION FOR EUROPE

REVIEW OF OPERATIONAL ACTIVITIES UNDERTAKEN IN 2000

Note by the Executive Secretary

The ECE operational activities continue to be under great demand from economies in transition and, especially from the CIS. In an attempt to meet this growing demand, some ECE Divisions have stretched thinly their capacity, which could undermine the effectiveness of their activities. This, first of all, relates to the Energy and Transport Divisions.

Taking into consideration the importance of these activities for economies in transition and the ECE region as a whole, the Commission may wish to consider the possibility of shifting to or increasing the resources allocated to these two sectors.

In the light of the Millennium Summit goal to eradicate poverty and the importance of entrepreneurship and SME development for consolidating and sustaining the achievements accomplished so far and the process of transition, the Commission may also wish to consider the possibility of providing more systematic financial support for the operational activities associated with building up institutional and organizational capacities and capabilities in these areas. Furthermore, in many cases, these activities may be linked with or complement those aiming at industry re-structuring, especially in declining industrial regions.

The Commission may also wish to look into the possibility of providing technical assistance in some areas in an integrated form to ensure a better sustainability and effectiveness of projects and programmes. Such an approach has been successfully implemented in the energy sector, and may be replicated and extended to other sectors, reinforcing a cross-sectoral and multi-dimensional impact of the ECE operational activities.

Finally, taking into account negative development trends (impoverishment, growing social inequalities, aging industrial assets, etc.) and implications of recent and on-going conflicts in some country-groupings of the ECE region, the Commission may wish to consider options for more vigorous remedial measures and activities, contributing to economic stabilization and growth recovery in the countries affected. These measures could include, among others, technical assistance to the countries which would be affected by the EU enlargement, in order to offset the impact of trade diversion.

Introduction

1. Operational activities have continued to be carried out in the year 2000 in the following areas: energy; enterprise development; entrepreneurship and SME development; environment; investment promotion; trade facilitation; transport; and statistics.
2. Technical assistance has also been provided to individual countries and country-groupings (CIS, for example) at their request, as well as within the framework of special sub-regional cooperation programmes (SECI and SPECA), and initiatives (BSEC and CEI)

I. SECTORAL AND CROSS-SECTORAL TECHNICAL ASSISTANCE

Energy efficiency and energy supply

3. Operational activities in the field of energy were structured around five project/programmes areas: the Energy Efficiency 2000 and Energy Efficiency 21, the Gas Centre, regional advisory programme, and sub-regional programmes to be considered separately.¹ The major goal of operational activities related to both Energy Efficiency projects is to assist economies in transition in improving overall energy conservation and efficiency. This goal has been implemented through assisting institutional capacity building, training in market skills (e.g. business planning, financial engineering, project development), promoting an energy efficiency legislation, contributing to the elaboration of energy policies and programmes, identifying energy efficiency investment projects and potential sources of investment. Special attention was devoted to creating Energy Efficiency Demonstration Zones (EEDZ) and development of financial mechanisms for attracting foreign investors to realise energy efficiency projects in these countries.
4. The operational activities, carried out under the auspices of the Gas Centre, have been focussed on supporting the efforts of governments and gas companies in economies in transition to create more decentralized and market-based gas industries. Apart from advisory and expert missions to these countries, the Gas Centre has set up channels for the exchange of know-how, information and experience between companies and institutions, employing such means as task forces, workshops, seminars, conferences, publications, and specific databases. It also contributed to institutional capacity building in these countries through training and technical advice.
5. The work of the Regional Adviser has been concentrated on energy efficiency projects, interconnection of electricity and natural gas networks, utilisation of new devices and technologies in the energy field with particular emphasis on environmentally clean technologies.

¹ The Energy Efficiency 2000 Project which was run for nine years was completed and replaced by the Energy Efficiency 21 Project.

6. *During the year 2000 the following projects were completed:* A first phase of the joint Belarus/Russian project on obtaining additional electricity at the industrial large gas consumer enterprises, gas-proceeding enterprises, thermal power plants, utilizing natural gas let-down pressure (a "turbodetander" with a capacity of 5,000 kW was put into operation at the Lukoml thermal power station in Belarus); and a second phase of the project "State of the Art of Cooling Household Appliances Standards" (SACHA II) in Belarus and Ukraine. Assistance was also provided to experts of the State Committee for Energy Efficiency and Control of Belarus to elaborate a State Programme on Energy Savings during the period 2001-2005 that was approved by the Government on 21 December 2000.

7. *Work has continued on the following projects:* second phase of the project on "Improvement of Energy Efficiency in the Public Sector (schools and hospitals) of the Republic of Belarus" (the project is being financed by the World Bank and will be correlated with the project "Removing Barriers to Greenhouse Gas Emissions Mitigation through the Use of Wood Waste for Municipal Heating and Hot Water Supply in Belarus"); the project on "Wide utilisation of new energy efficient technology "TRANSSONIC" in municipal heat and hot supply systems" in the Energy Efficiency Demonstration Zone "Chuvashya" (Russian Federation) and the same projects were started in Energy Efficiency Demonstration Zones of the cities of Almaty and Bishkek; and the project "Removing Barriers to Energy Efficiency in Municipal Heat and Hot Water Supply" in Kazakhstan financed by the Global Environment Facility (being implemented in close coordination with two other UNECE projects: "Energy Efficiency Investment Project Development for Climate Change Mitigation" and "Rational and Efficient Use of Energy and Water Resources in Central Asia").

8. *The following new projects have been initiated:* Seven projects in the Energy Efficiency Demonstration Zones (EEDZ) of Belarus, eighteen projects in EEDZ of the Russian Federation and eight projects in EEDZ in Kazakhstan were selected in accordance with criteria approved by the Steering Committee of the "Energy Efficiency 21" project. Business plans for these projects will be elaborated through training courses to be conducted in the year 2001 within the project "Energy Efficiency Investment Project Development for Climate Change Mitigation". A second phase of the above Belarus/Russia project on production of additional electricity utilizing natural gas let-down pressure will be started in 2001. On the basis of results achieved during the implementation of the project "Sustainable forestry management and reduction of adverse environmental impacts by using wood and wood residue resources for production of heat power in the Republic of Belarus" a project proposal and a first draft of the project document for the project "Removing Barriers to Greenhouse Gas Emissions Mitigation through the Use of Wood Waste for Municipal Heating and Hot Water Supply in Belarus" were elaborated and submitted to the GEF Secretariat for financing. On 15 December 2000 GEF approved the project proposal and the National Executing Agency "State Committee for Energy Efficiency and Control" will receive US \$ 245,000 for preparation of the project document of the full project. ECE will be a Cooperating Agency for the implementation of this project. A training course on "Energy Saving in Russian

Hospitals" was prepared and will be conducted within the project "Energy Efficiency Investment Project Development for Climate Change Mitigation" in the Moscow Medical Academy in 2001.

9. Substantial contributions were made to the following events: the Second International Trade Fair for Energy Saving Technology (Energy Saving 2000) and a seminar on "International cooperation and implementation of the state energy efficiency policy in the Russian Federation" (Moscow, Russian Federation, 11-14 March 2000); Central Asia sub-regional workshop on "Financing of Energy Efficiency Investments" (Almaty, Kazakhstan, 11-12 May 2000); the ECE/OECD workshop on "Enhancing the Environment by Reforming Energy Pricing" (Prague, Czech Republic, 14-16 June 2000); the International Forum on "Can Advanced Energy Systems Cope with Energy Demands of Asia, OECD-Pacific and CIS" (Como, Italy, 5-8 July 2000); and the Fifth Belarusian Energy and Ecology Congress (Minsk, Belarus, 4-6 October 2000).

Enterprise development

10. Technical assistance in this area was delivered within the framework of the newly established ECE Working Party on Industry and Enterprise Development (WP.8). A Seminar on "Trends in steel consumption - Responding to Market Needs" aimed at consolidating, at a global level, the main trends in steel consumption in order to anticipate the types of investments required in the eastern and central European steel sector, was organised in Hungary, Budapest on 11-12 September 2000). A study tour of the Chinese steel industry (15-22 October 2000) was organised in order to provide input to countries in the UNECE region that are currently facing the necessity of restructuring heavy industries, by informing participants about China's experience in restructuring its steel industry, the resulting quality level of Chinese capacities and measures it implemented to face the consequences of restructuring. A Workshop on ISO 14000 environmental management system (EMS) standards in the chemical industry was organised in Budapest, Hungary, on 28-29 March 2000, in order to promote the use of the chemical industry as a model for introducing ISO 14000 and its related EMS standards to countries in transition.

11. The first UNECE Regional Conference on "Digital Economy and Internet Enterprise Development in Romania and South East Europe" was organised in Romania, Bucharest, on 10 October 2000 in collaboration with the Romanian Ministry of Industry and Trade to raise awareness on the impact of e-business on the economy and to identify the currently available government policy instruments relevant for the development of the digital economy, and the status of those instruments. The UNECE secretariat also identified an institutional collaborative framework for a project for development of the digital economy and Internet Enterprise Development in Georgia. A joint regional conference on e-business is planned in 2001 in collaboration with the Fifth Framework Programme of the European Commission. The secretariat also agreed to collaborate with the Fifth Framework Programme of the European Commission on the Internet Start-ups project as a joint programme element for the development of the digital economy in transition economies. At the invitation of the South Eastern European Digital Economy Project (SEED) of the European Commission, the secretariat gave a presentation on e-

development issues relevant for the region at the Second South-Eastern European E-Commerce Conference (Sofia, 24-26 October 2000).

12. At the request of the President's Office of The former Yugoslav Republic of Macedonia, the secretariat developed a framework for assistance to the national digital economy programme. The UNECE secretariat will assist in the development of a Centre for the Digital Economy and organization of the Second UNECE regional conference on digital economy in 2001.

Entrepreneurship and SMEs development

13. A programme of the Regional Advisory Services on the development of entrepreneurship and SMEs in countries in transition has continued to be implemented with the aim of assisting these countries in formulating national SME policy, designing promotion programmes, developing a relevant infrastructure and helping new entrepreneurs. The programme has been focussed on collecting and disseminating statistics and information on legislation and promotional measures; developing information networks; preparing case studies and information materials on SME development issues; formulating project proposals; providing advisory services; and training. An integrated approach to the development of SMEs in the economies in transition at three distinct levels - strategic (policy making), institutional (support institutions) and enterprise (entrepreneurs and business entities) has been applied in the course of the programme implementation.

14. During 2000, the fourth Report on SMEs in Countries in Transition in 1998 was prepared. It updates and reviews the development of legislation and provides statistical data in order to highlight problems faced by the SME sector under the conditions of transition in individual countries. A Virtual Network of SME National Focal Points was continuously updated, and a Directory of the SME Focal Points of the Central European Initiative (CEI) was presented at the Third CEI Summit Economic Forum in November 2000 in Budapest. A Web site "Index of SME Development", similar to that of the European Commission, was updated. It currently contains more than 50 UN/ECE documents and 20 international links. In 2000, the SME Web site was enlarged by a new sub-site on Women Entrepreneurship.

15. The following substantive papers were prepared and submitted to various events on behalf of UNECE: Best Practice in Development of Entrepreneurship and SMEs in Countries in Transition: The Czech Experience. (OPA/AC.11/1); Business Service Institutions for the Development of SMEs (OPA/AC.16/4); Small and Medium-sized Enterprises in the Third Millennium; and Innovation, New Skills and Competence Building: The Role of UNECE in Promotion of Technology Transfer for the Economic Development of SMEs (OPA/AC.15/40); and Financial Policies for Strengthening SMEs: Micro-crediting and Credit Guarantee Schemes in Central and Eastern Europe.

16. A Forum on Best Practice in Development of Entrepreneurship and SMEs in CITs: The Hungarian Experience, and an Expert Meeting on Best Practice in Business Advisory, Counselling

and Information Services were organised in Geneva on 1-3 November 2000. Substantive contributions were also made to the following meetings: Legal Aspects of SME Development and Best Practice in Simplification of SME Legal Environment (Maribor, Slovenia, 6-7 April 2000); Conference on Venture Capital (Warsaw; Poland, 5 October 2000); International Workshop on Financing SMEs (Bled, Slovenia, 10-13 October 2000); Conference on Quality Assurance (Kecskemét, Hungary, 20 October 2000); UNCTAD Meeting TNTs and SMEs (Geneva); panels on SMEs, Euro-regions and Cross-border Cooperation (Budapest, Hungary, 22-25 November 2000).

17. Work has continued on the issues of women's entrepreneurship. A Round Table Discussion on Innovative, Growing and Family-based Businesses within the framework of the third CEI Summit Economic Forum was organised on 25 November 2000. As a result of this discussion, a Project on Creation of a Portrait Gallery of Excellent Women Entrepreneurs in CITs, aimed at raising awareness towards women entrepreneurship in the ECE region, was initiated. Preparations were made to set up an Ad Hoc Group of Experts on Women Entrepreneurship Network in order to analyse the situation of women entrepreneurs and to develop gender-based policies.

18. Work has continued towards building up a common platform among ECE member States based on the shared understanding of sustainable entrepreneurship development and means and tools for ensuring the sustainability of SMEs. The ECE initiated the elaboration and negotiation of the CEI Declaration, which was adopted at the Ministerial Meeting held in Budapest on 24 November 2000.

19. Technical assistance was provided in the elaboration of project proposals on "Vocational Training in Entrepreneurship in the Republic of Moldova" and "Support in Micro-financing to the State Fund of the Republic of Moldova for Enterprise Support". Blueprints of the umbrella project on Development of Entrepreneurship and SMEs in the South-Caucasian and Central Asian countries were also developed.

Environment

20. In the area of environment, technical assistance has been focussed on the promotion and implementation of environmental conventions, carrying out Environmental Performance Reviews in a number of transition economies as well as on land administration and urban development.

21. Under the *Convention on Long-range Transboundary Air Pollution*, the major objective of technical assistance has been to create favourable conditions for implementing technology-related obligations of the Convention and its protocols, to facilitate the implementation of existing protocols and the accession of non-Parties, particularly countries with economies in transition. To that end, collection of information has been carried out from the Parties and international institutions on control technology and product management practices for pollutants, covered by

the protocols, and the establishment of collaboration with other international bodies, e.g. European Integrated Pollution Prevention and Control Bureau in Seville (Spain). With a view to supporting member States, a Task Force, led by the United Kingdom, is guiding the reporting on emission to the air of a wide range of pollutants. In collaboration with the European Environment Agency, an Atmospheric Emission Inventory Guidebook has been developed to help countries to perform the required tasks. The Meteorological Synthesizing Centre of the Cooperative Programme for Monitoring and Evaluation of Long-range Transboundary Air Pollution (EMEP) under the Convention, has organised expert workshops to assist countries of the CIS and other interested Parties to the Convention in the use of the Guidebook.

22. Under the *Convention on the Protection and Use of Transboundary Watercourses and International Lakes*, pilot projects on monitoring and assessment of transboundary waters have been carried out or are planned for transboundary rivers and transboundary ground waters (with the Netherlands as lead country), and transboundary lakes (with Finland as lead country). They have been supported by the International Water Assessment Centre (IWAC), which was established and became operational in September 2000 under the Convention at the Netherlands Institute for Inland Water Management and Waste Water Treatment (RIZA).

23. By end of 2001, the design of new systems for the provision of information to authorities and the public on the state of transboundary rivers and early warning for critical situations will be completed for the following rivers: Bug (shared by Belarus, Poland and Ukraine), Morava (shared by the Czech Republic and Slovakia), Maros (shared by Hungary and Romania), Latoritza (shared by Slovakia and Ukraine), Ipoly (shared by Hungary and Slovakia). Thereafter, the implementation phase will start with purchasing and installation of equipment.

24. Work on the pilot projects for the rivers Kura (shared by Azerbaijan and Georgia), Tobol (shared by Kazakhstan and the Russian Federation), and Severski Donets (shared by the Russian Federation and Ukraine) started in mid-2001. The projects are financed by donor countries, the recipient countries as well as by the TACIS programme of the European Union.

25. Pilot projects for transboundary ground waters are presently being planned for the following catchments areas: Bosnia and Herzegovina and Croatia (Cetina basin); Romania, Republic of Moldova and Ukraine (Prut and Dnistr basins); Belarus, Poland and Ukraine (Bug basin). Pilot projects for selected transboundary lakes will be taken up in late-2001, once draft guidelines on monitoring and assessment of these lakes are available.

26. A substantive contribution was made to the Workshop on "Monitoring Tailor-made III" (Nunspeet, Netherlands, 25-28 September 2000) and the UNECE/WHO/EURO Conference on sustainable water management and health (Moscow, Russian Federation, 1 June 2000).

27. Under the *Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters*, the Aarhus Convention Implementation Guide,

which provides a detailed analysis of the provisions of the Convention, was prepared as a collaborative project between ECE, the Regional Environmental Centre for Central and Eastern Europe and the Danish EPA, and published by the ECE.

28. A programme of sub-regional workshops on the Aarhus Convention are being carried out to assist countries with economies in transition to implement the Convention. The workshops aim to raise awareness of the Convention's provisions, to identify challenges and to build capacity in applying it. One of the principles behind the workshops is the involvement of key stakeholders, so that a 'seed' number of people, representing various stakeholders in each country and participating in the workshops, would end up with a similar understanding of what the Aarhus Convention is about and how to implement it in line with its requirements and with local conditions. The first of these workshops was organised for the Central Asian region as a joint project of UNECE, UNEP and OSCE with financial assistance from the governments of Austria, Denmark (DEPA-DANCEE), Norway and Italy. The workshop was focussed on five countries of Central Asia: Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan, and took place in Ashgabat, Turkmenistan, 5-8 May 2000.

29. Based on the successful outcome of the Central Asian workshop, UNECE and UNEP, together with the newly established Regional Environmental Centre for Caucasus (REC/Caucasus), organised a second workshop for Armenia, Georgia and Azerbaijan (Tbilisi, Georgia, 11-13 December 2000). Financial support was obtained from the Netherlands (through UNEP/ROE), Denmark, Italy and the European Commission.

30. Under the *Convention on Transboundary Effects of Industrial Accidents*, the ECE took part in the UNEP/OCHA Assessment Mission after the cyanide spill at Baia Mare in Romania and participated in the Baia Mare Task Force set up by the European Commission.

31. Under the *Convention on Environmental Impact Assessment in a Transboundary Context*, advisory assistance was provided to the organisation of the following workshops: on the Database under the Convention, during which national database managers received training in order to improve their skills (Warsaw, Poland, February 2000); on the experience of Parties and non-Parties in further implementing the obligations of the Convention through bilateral and multilateral agreements or arrangements (Oegstgeest, Netherlands, February 2000); on public participation in a transboundary context, during which a draft guide on the implementation of relevant provisions regarding public participation of the Convention was prepared (Moscow, Russian Federation, June 2000); and on the analysis of recent EIA developments and links with other Conventions (Rome, Italy, July 2000).

32. Under the *Environmental Performance Review Programme*, comprehensive reviews were undertaken for Armenia, Kazakhstan and Kyrgyzstan. The conclusions of the review of Armenia were presented to the local authorities and the recommendations discussed with national experts and decision-makers in order to increase their acceptance of the report, as they will later decide on

the implementation of the recommendations in the country. Back to back with the assessment mission in Armenia, a workshop was organised with the cooperation of the UNDP local office in Yerevan aimed at debating the key problems that the CITs are systematically facing in the transition period, enforcement of legal environmental instruments, development of environmental economic instruments and incentives, improvement in the functioning of environmental inspections.

33. A second review of Bulgaria was undertaken 5 years after the first comprehensive review. The report updated the environmental situation of Bulgaria and its efforts to better manage it, and focussed on 5 areas of special concern for Bulgaria. This second review inaugurates a new cycle of reviews that will be implemented, also on a voluntary basis, as soon as the countries feel that their environmental situation has significantly changed since the first comprehensive review. The reports of the four countries were adopted at the Committee of Environmental Policy annual session in September 2000 and were published in early 2001. Follow-up advisory missions were carried out to the Republic of Moldova, Estonia, Latvia and Lithuania in order to assess the progress in the implementation of the EPR recommendations. The review of Romania started in autumn 2000 will be completed in 2001.

34. In the field of land administration and urban development technical assistance was provided in the preparation of country profile studies of the housing sector of Lithuania and Romania and the Land Administration Review in cooperation and with financial support of UNDP on Armenia in November 2000. Substantive assistance was also provided in the organisation of two workshops: on the development of land markets (Tirana, Albania, March 2000); and on creation of real property markets (Madrid, Spain, September 2000).

Investment promotion

35. Technical assistance in this field was focussed on helping improve the legal, regulatory and institutional environment for foreign direct investment (FDI) in the transition economies of Central and Eastern Europe and the CIS. This work has been carried out under the auspices of the Working Party on International Legal and Commercial Practice (WP.5) which prepares guides and manuals for improving the legal and regulatory frameworks for investment and has established three expert advisory groups to provide technical assistance in specific areas:

- The BOT (Build-Operate-Transfer) Group provides advice on attracting private investment into infrastructure services such energy, telecommunications, transport, water, waste disposal and environmental services.
- The Advisory Group on Intellectual Property Rights provides support to governments for improving the enforcement and protection of IP rights to attract investment in innovative, creative and high technology industries; and
- The Real Estate Advisory Group helps to attract investment in the financial services, mortgage banking, insurance and real estate brokerage industries.

36. In order to improve the legal, regulatory and institutional framework, the Groups provided assistance using the following methods: consultative visits of the Advisory group to the relevant government departments; training of civil servants and other officials; and project development.

37. In 2000, the BOT Group prepared Guidelines on best practice for promoting public/private partnerships in energy, transport, telecommunications, water and waste disposal, housing and education. The Guidelines were launched at the UNECE Forum on Public Private Partnership for Infrastructure Development (4-5 December 2000). To assist civil servants with the negotiation of complex concession contracts, a negotiating platform was prepared which outlines the main clauses in these contracts, identifies the public interest and how the government can protect its interests in negotiating with foreign and domestic private companies. The BOT Group held a consultative meeting with the Minister of Transport of the Czech Republic on establishing a task force to accelerate PPP projects (18 June 2000). This meeting contributed to the establishment of a Task force under the Ministry of Finance and the Group will cooperate in promoting PPP projects with the Task force in the future.

38. The Advisory Group on Intellectual Property Rights organized three consultative meetings in Estonia (April 2000), Latvia (November 2000) and Lithuania (November 2000) with the relevant ministries and departments dealing with enforcement in the respective countries. In preparation for each consultative visit, the Group conducted a detailed study on the enforcement of intellectual property rights in each country. These visits improved the enforcement of IP rights. As a result of the visit to Estonia, for example, the government launched an action plan to step up measures against piracy and counterfeiting. These visits created an opportunity to bring together all the officials, e.g. the police, customs and prosecutors etc., involved in enforcement. By so doing, they have resulted in improved coordination between such agencies. In addition, the Group has followed up its consultations to fill those gaps in enforcement identified in the meetings, by organizing two training seminars for *inter alia*, judges, police and customs in Estonia. Training will also be provided for Latvia and Lithuania.

39. The Real Estate Advisory Group (REAG) has tried to increase awareness for the need to improve the land markets in the transition economies. It held a meeting on understanding land as a commercial asset in Geneva in April 2000. In June 2000, it held a further meeting with representatives of international organizations and NGOs on improving the coordination in delivering technical assistance. As a result, under the auspices of the Group, and in cooperation with the Royal Institute of Chartered Surveyors (RICS), a discussion paper on improving land markets was delivered at a seminar at the CEI Forum in Budapest in November 2000 and then at the UNECE Financing for Development Conference in Geneva on 6-7 December 2000. A substantive contribution was also made to the Seminar on "Trade and Investment Promotion from a Local and Regional Perspective" (Geneva, Switzerland, 2-3 March 2000) organised jointly with FEDRE (the Foundation for the Economy and Sustainable Development of the Regions of Europe), at which the role of local authorities in the development of effective real estate markets and an investment friendly environment were emphasised.

Trade facilitation

40. Technical assistance to economies in transition in this field was mainly concentrated within the framework of SECI and SPECA, which are described under separate headings. In particular, technical assistance was provided in implementing the Trade and Transport Facilitation in Southeast Europe (TTFSE) project financed by the World Bank. This project combines the loans for infrastructure improvements with grant assistance for customs modernisation and trade facilitation support to private sector trade operators. To ensure that the TTFSE project has strong support from the participating Governments, a Memorandum of Understanding has been signed by the countries that established a Regional Steering Committee (RSC), comprised of Ministers of Finance and Customs Directors General.

41. Collaboration has continued with FITPRO, the Czech national trade facilitation body, to assist countries, in particular Ukraine and Belarus, to develop institutional support for trade. A seminar on development cooperation in the Czech Republic under UNDP contract was organized, since the Czech Republic is obliged to make the transition from a "beneficiary" to a "donor" country as part of its membership in OECD, as well to meet a condition of accession to the European Union.

42. Technical assistance has continued to be provided under the project on "Capacity Building to Improve Trade Finance and Investment Prospects for the Russian Timber Sector", which is being implemented in the Arkhangelsk and Leningrad Oblasts of the Russian Federation. The project covers the following issues: sustainable management practices for the Russian timber industry; improved trade procedures in the timber industry; innovative trade finance techniques; capacity building for improved foreign investment; and timber port operations.

43. Under this project the following meetings were held in 2000: roundtable on timber port logistics and Customs cooperation (St. Petersburg, 3-10 February); forum on timber port logistics (Rotterdam, 21-25 February); roundtables on timber trade (The Hague, 23 May; Arkhangelsk, 26-30 June; St. Petersburg, 3-4 July; and The Hague, 24 November); workshop on logistics of sustainable use of biomass (Arkhangelsk, 4-7 September); and roundtable on timber trade logistics (St. Petersburg, 11-12 September).

44. A substantive contribution was also made to the Seminar on "Practical Aspects of Eliminating Obstacles to Efficient Trade Finance in Transition Economies" (Riga, 26-27 May 2000), which was intended to: identify barriers to the unobstructed financing of trade in transition economies; identify practical solutions to existing problems, including new export finance schemes; and produce recommendations for the governmental bodies concerned. The seminar was developed in collaboration with the private sector and, in particular, the Riga-based Baltic Transit Bank, which co-sponsored this event.

Transport

45. Technical assistance has continued to be provided to the Trans-European North-South Motorway (TEM) and the Trans-European Railway (TER) Projects; ECE is a signatory to the TEM and TER Trust Fund Cooperation Agreements and is responsible for the technical and administrative backstopping of both projects. As part of this effort, assistance was provided to the TEM and TER countries through the organization and holding of meetings, preparation of documents, contacts with other Governments and institutions to work with or support the project and report on project developments to the ECE bodies, as well as holding meetings with Governments or Government entities, which could potentially participate in or be members of the Projects.

46. Within the work programme of the Black Sea Pan-European Transport Area (PETra) project, technical assistance was provided in drafting a questionnaire for the Working Group on Transport Infrastructure Related to Ports and Hinterland Connections to Corridors, and a Memorandum of Understanding on the facilitation of road transport of goods in the Black Sea region for the Working Group on Harmonization and Institutional Aspects of Transport and Customs Procedures. A substantive contribution was also provided to an ad hoc Working Group of Customs Experts, which dealt with resolving border crossing problems in the region, focussing on cooperation mechanisms among border control services, the publication of Customs regulations, simplification of Customs regulations and procedures, and organization of regional training courses for Customs officials. Technical assistance was also provided to Kazakhstan through the national Seminar on the application of the TIR Convention for Kazakhstan Customs (Almaty, 26-27 October 2000).

47. Within the Adriatic-Ionian Highway (AIH) project, which was established within the Framework of the Stability Pact, technical assistance was granted in exploring the development of the Highway from Trieste (Italy) to Ioannina (Greece) with a length of 1,150 km. Technical assistance (formulation of the agenda, advice on the formulation of the strategic directions and drafting the Protocol) was also provided to the Second expert meeting (Greece, 28-29 September 2000). The meeting established a Technical Coordination Committee with the responsibility of formulating terms of reference for a pre-feasibility study of the Highway, to collect required data, and to propose a study plan and seek funding from international financial institutions.

48. A substantive contribution was provided to the Second International Euro-Asian Conference on Transport (St. Petersburg, Russian Federation, 12-13 September 2000). A joint ECE/ESCAP paper and a separate paper on recent ECE developments relevant to the Conference were presented; a workshop was co-chaired; and the Conference Declaration was drafted. Major recommendations of the Conference included the establishment of four Euro-Asian Transport Corridors and the formulation of a demonstration train project on some corridors.

49. A presentation on the potential difficulties linked to private financing of transport infrastructures, as well as the recommendations recently issued by the UNECE Build-Operate-Transfer (BOT) group, was made at the International Seminar (Kiev, Ukraine, 23-26 May 2000) held in the context of the TACIS project on "Improvement of Traffic Flows on Pan-European Transport Corridors II and IX". The objective of the Seminar, attended by delegates from Belarus, Republic of Moldova, Russian Federation and Ukraine as well as by representatives from international organizations, was to prepare a list of bankable projects for preparation and submission to the International Financing Institutions.

50. Advisory assistance and briefing was provided to the Czech and Slovak authorities on SECI and SPECA transport activities, as well as on recent initiatives in the development of Euro-Asian Transport Links. An advisory mission was also undertaken to Uzbekistan during which the present status of Uzbekistan's accession to UNECE international transport legal instruments was reviewed, a priority list of additional ones for accession by Uzbekistan was proposed, and a number of recent international transport initiatives were presented, including the proposed Euro-Asian Transport Corridors, SPECA, BSEC, Black Sea PETrA and SECI.

51. In pursuance of a decision taken at the Meeting of the Executive Secretaries of the five regional commissions in September 1999, a project on Capacity-Building Through Cooperation in Developing Interregional Land and Land cum Sea Transport Linkages was prepared and submitted for funding to the UN Development Account Fund. The project was approved and its implementation is expected to start in 2002.

Statistics

52. Operational activities in this field have been focussed on providing technical assistance to the economies in transition on conducting population censuses, introducing statistical information technologies, improvement of macro-economic statistics and social reporting and monitoring.

53. In particular, technical assistance was granted within the framework of the international group of experts to Albania on the preparation of the April 2001 population and housing census. ECE took an active part in the group's meeting held in Tirana in December 2000. This assistance continued in 2001 and includes the identification of priorities for further development of the statistical system in Albania.

54. All operational activities on statistical information technology were carried out on a multilateral basis, in close cooperation (including funding) with Eurostat, OECD, IMF, etc. UNECE organised workshops on integrated statistical information systems (Riga, May 2000), statistical data editing (Cardiff, October 2000), statistical metadata (Washington D.C., November 2000), dissemination of statistical data to the media (Voorburg, September 2000).

55. Technical assistance in the field of macro-economic statistics was concentrated on organizing special sessions on national accounting issues for countries in transition in Central and Eastern Europe and in the CIS, in cooperation (including funding) with OECD (Geneva, April 2000; Paris, September 2000); consultations on comparisons of prices (Purchasing Power Parities) in cooperation (including funding) with Eurostat, OECD and the CIS Statistical Committee (Geneva, October 2000); a seminar on agricultural statistics for countries in transition and the CIS member countries in cooperation with Eurostat (Luxembourg, July 2000).

56. A project on social reporting and monitoring in transition countries initiated in 2000 was officially approved at the beginning of January 2001 and received UNDP funding. It is focussed on the development of monitoring systems for social development and support of the statistical data base of the national human development reports (three sub-regional workshops, and bilateral advisory services by consultants are planned for 2001); support to gender statistics (a regional gender statistics website will be developed, under the auspices of an ad hoc task force of six countries); and development of statistical measures of human security (draft studies on South-east Europe and Central Asia will be completed in 2001; they will complement a similar study on Caucasus, completed in November 2000). The first and third components of the project will focus on selected groups of countries (e.g., Caucasus, Central Asia, South-east Europe, Eastern Europe, such as Ukraine and the Republic of Moldova).

Other areas

57. Technical assistance and substantial contributions were made to the following events in other sectors: Workshop on the Changing Role of State Forests (Sagadi, Estonia, 5-8 April 2000); International Conference on the Investment Climate for Developing Renewable Energy Sources in Central Asia (Bishkek, Kyrgyzstan, 18-19 May 2000); International Conference on Technology Transfer for Economic Development: Experience for Countries in Transition (Zagreb, Croatia, 19-20 June 2000); International Workshop on Sustainable Development of Marketing of Non-wood Forest Products in Countries in Transition to Market Economies (Chisinau, Republic of Moldova, 23-27 October 2000); and Workshop on Agricultural Quality Standards (Moscow, the Russian Federation, 24-27 October 2000).

II. TECHNICAL ASSISTANCE TO SUB-REGIONAL COUNTRY GROUPINGS.

Southeast European Cooperative Initiative (SECI)

58. Technical assistance has continued to be provided to SECI in discharging its tasks of encouraging cooperation among the countries of the region and facilitating the access of Southeast Europe to European integration processes. This assistance has concentrated on the projects highlighted below, some of which have achieved positive results. Last year the activities under some SECI projects were largely taken over by the Stability Pact.

59. *Border-crossing Facilitation -Actions to Overcome Operational Difficulties (lead country - Greece).* In accordance with the Memorandum of Understanding on the Facilitation of International Road Transport of Goods in the SECI Region (April 1999), a Regional Road Transport Committee was established to ensure an adequate coordination and monitoring of the MoU implementation. The third session of the RRTC held in Greece in October 2000 noted in particular that most Parties to the MoU would be in a position to provide, as of 1 January 2001, for liberalised access to the international road haulage market for so-called "green" and "greener and safe" goods road vehicles. Ten SECI Participating States established national bodies to facilitate trade, focussing on simplifying procedures and promoting efficient interface between private and public sectors (PRO Committees). An association of PRO Committees (SECIPRO) was also established to provide a forum for discussing issues of mutual interest.

60. *Transport Infrastructure Development along Main International Routes (lead country - Bulgaria).* Activities under this project have concentrated on the preparation of lists of short- and long-term projects in the field of transport infrastructure for submission to the Stability Pact's Working Table II for possible financing. At its meetings in March 2000 in Brussels and 3 May 2000 in Rome, the Stability Pact approved and elaborated the Quick Start and Medium Term Project Packages. More than 50% of the funds of both Packages were allocated to transport infrastructure projects. In this connection, the participating States of the Project Group, at its meeting held in Sofia on 18- 19 May 2000, recognised that there was a need to establish a separate forum within the Stability Pact structure with a view to monitoring the implementation of the transport infrastructure projects on its behalf. Consequently, the Group issued a Joint Statement addressed to the Special Coordinator of the Stability Pact in which it expressed the participants' "...willingness to assist the Stability Pact, as a Working Group, in the framework of transport infrastructure and operations projects".

61. Within this project, technical assistance was provided to the ad hoc Working Group on the reduction of border stopping time of shuttle trains, which held its sixth and seventh meetings respectively on 11-12 May 2000 in Sofia and 9-10 November in Dobrinishte, Bulgaria. The ad hoc Working Group developed a list of proposals with a view to improving the organization of shuttle train movements and increasing the volume of passengers and goods transported in international rail traffic. It has focussed *inter alia* on: (i) data to be transmitted in advance of train arrivals at border stations; (ii) the technical equipment to be used for the transmission of data between border stations of neighbouring countries; and (iii) the establishment of three bilateral committees of Police, Customs and Railways on each of the border stations to address and resolve border issues.

62. *Interconnection of Natural Gas Networks, Diversification of Gas Supply and Improvement of Security of Supply in Southeast Europe (lead country - Bosnia and Herzegovina).* Technical assistance was provided to ensure the restoration and security of the supply of natural gas to Bosnia and Herzegovina during the winter of 1997/1998, after which the project was put on hold due to the lack of demand for natural gas in the region. Last year consultations were started with

the authorities of Bosnia and Herzegovina to resume activities under this project in order to diversify natural gas supply to the region on the basis of recommendations formulated in the pre-feasibility study conducted by the Working Group of the project. The possibility of merging this dormant project with the regional project on "Natural Gas Network Study" to be financed through the Stability Pact has been under investigation.

63. *Combating Cross-border Crime and Corruption (lead country - Romania).* Under this project technical assistance has culminated in the formation of a regional centre to support the exchange of information among customs administrations and national police services. The SECI Regional Centre for Combating Transborder Crime was officially opened in Bucharest (Romania) in October 2000. It is staffed with liaison officers from SECI Participating and Supporting States. It is governed by a Joint Cooperation Committee (JCC), consisting of representatives of the designated authorities of the Participating States, with each Party having one vote in the Committee. ICPO-Interpol and the World Customs Organization serve as permanent advisers to the JCC with Supporting States and Institutions, including UNECE, having observer status.

64. *Recovery Programme for Rivers, Lakes and Adjacent Seas (lead country - Austria).* Environmental activities initiated in the framework of SECI until 1999 have been largely taken over by the Stability Pact. They have been implemented within the framework of the Regional Environmental Reconstruction Programme (REReP). It is steered by the Environmental Task Force for SEE, in which ECE participates. The following three REReP projects are being prepared under the auspices of ECE:

- Comprehensive Joint Water Environment Protection Programme for the Adriatic-Ionian Region. This project has been initiated with Croatia as the lead country, and a high-level expert meeting with the participation of all countries around the Adriatic and the Ionian was organised in Split in May 2000, with the financial support of Italy and CEI. The conclusions of the meeting received political endorsement within the EU Initiative on Cooperation and Security in the Adriatic-Ionian Region. The project, to be executed jointly with UNEP-MAP, can serve as an umbrella framework for a number of other projects in the environmental protection and management of water basins in the Adriatic catchment's area.

- Programme of Demonstration Zones for Municipal Environmental Projects in SEE. This project is being prepared with Romania as a lead country. It aims to develop financing mechanisms for water and waste infrastructure projects in small and medium-sized municipalities (SMMs), a target group particularly disadvantaged from the point of view of know-how and financial resources. Endorsement has been received from the Business Advisory Council for SEE, and it is expected that NMCP (Netherlands Management Cooperation Programme), with which the ECE recently concluded a MoU, will be an important partner.

- Support for Ratification and Implementation of UNECE Conventions. This project will be done with Bosnia and Herzegovina as lead country. It will consist of a national training

workshop plus follow-up activities (pilot project), starting in Bosnia and Herzegovina. Other countries (Albania, The former Yugoslav Republic of Macedonia) may join it later.

65. *Energy Efficiency Demonstration Zones Network in Southeast Europe (lead country - Hungary).* Activities undertaken under this project were taken as a basis for the preparation of the project "Regional Network for the Efficient Use of Energy Resources in Southeast Europe" (RENEUER), an updated version of which was presented to the Stability Pact Working Table II on Economic Reconstruction, Development and Cooperation for financing.

66. *Interconnection of Electricity Grids (lead country - The former Yugoslav Republic of Macedonia).* Under this umbrella project technical assistance was provided to the project sub-group on "Tele-information System Among National Dispatch Centres in Southeast Europe".

67. *Commercial Arbitration and Mediation (lead country - Slovenia).* Under this project technical assistance included: organizing a half day's discussion on the SECI project during the meeting of the UNECE Advisory Group on International Commercial Arbitration in February 2000 (which was concluded with an agreement to provide input to and review the guidelines and evaluation framework of the planned outputs from the SECI project); assisting the SECI secretariat in the recruitment of group members and in the drafting of various working documents; and the provision of technical inputs during the project group's meeting.

68. In view of the increasing significance of the UNECE work in the areas of PPPs, the Commission was invited by the organisers of the Stability Pact for South-East Europe to submit a proposal on a special programme for promoting PPPs in the region. The proposal was prepared and presented at the meeting of the project team for the Investment Compact of the Stability Pact, held at the Foreign and Commonwealth Office of the UK Government on 3 July 2000. The project team accepted the proposal, and a Regional Flagship Initiative of the Investment Compact of the Stability Pact was launched at the UNECE Forum on Public Private Partnership for Infrastructure Development (Geneva, 4-5 December 2000). The programme provides assistance in three areas: legal and regulatory frameworks, capacity building, and developing pilot projects. The project will bring together, under a Public-Private Partnership Alliance, other international organizations involved in similar activities, such as the EBRD, EU, OECD and the World Bank.

Special Programme for the Economies of Central Asia (SPECA)

69. Technical assistance has continued to be provided in the implementation of the United Nations Special Programme for the Economies of Central Asia (SPECA) in close cooperation with ESCAP. Implementation of SPECA has entered a new phase with the official presentation of the Programme on 27 April 2000 in Almaty. The participating states have reconfirmed their will to use the Programme for strengthening cooperation among Central Asian economies with a view to expediting their economic development and their integration into the economies of Europe and

Asia. The long-term goals of the Programme, its organisational structure, mechanisms of implementation and financing were agreed upon and reflected in the Concept of SPECA.

70. At the presentation meeting, the representatives of Kazakhstan, Kyrgyzstan, Tajikistan and of UNECE and ESCAP agreed on the general direction of the Programme for the short-term perspective. They indicated that the Concept of SPECA provides the framework both for a regional integration of the economies of Central Asia and for their efficient integration into the world economic relations. The activities of Project Working Groups of SPECA were noted and highly appreciated. Preparatory activities were undertaken for convening the first session of the Regional Advisory Council (RAC) of SPECA, which was held on 8 February 2001 in Almaty. The session took a stock of the implementation of the Programme and gave strategic direction to its activities.

71. Within this programme, substantive assistance so far was provided in implementing the following three projects: Rational and Efficient Use of Energy and Water Resources of Central Asia (lead country - Kyrgyzstan); Transport Infrastructure and Border-Crossing Facilitation (lead country - Kazakhstan); and International Economic Conference (lead country - Tajikistan). Results achieved under these projects are summarised below. No activities have been practically undertaken on two other projects included in the programme, where lead countries are Turkmenistan and Uzbekistan. Representatives of these countries have not practically participated in the work of the above three projects.

72. *Rational and Efficient Use of Energy and Water Resources of Central Asia.* This is the only project which received external financing in the amount of USD 1.75 million from the UN Development Account for 2000-2002. Two Project Working Group (PWG) sessions were held in Bishkek (Kyrgyzstan) in April and November 2000. Two workshops on energy and water resources issues were held in Bishkek on 14-16 November 2000. The most noticeable result of the project implementation was the decision to undertake a study on "Rational and Efficient Use of Energy Resources in Central Asia" and the subsequent development of a region-wide Strategic Plan of Action on Water and Energy in Central Asia. Work has started on the creation of EEDZ in Almaty and Bishkek.

73. In September 2000 a consultative meeting was held in Geneva, at the invitation of ECE, on "Promoting Regional Activities in the Field of Water Management in the Central Asian Region". Representatives of about 20 donor programmes attended the meeting. The strategic aims of the meeting were to present information on the relevant programme activities in the region, to make an appraisal of the results achieved and obstacles encountered, and to discuss possibilities of improving the efficiency and mutual cooperation of donors' activities through the exchange of information. It was agreed that ECE and OSCE would jointly serve as focal points for the exchange of information by establishing a database, and by organising occasional meetings of donors and stakeholders.

74. *International Economic Conference on Tajikistan in the Regional Context of Central Asia.*

Two Project Working Group (PWG) sessions were held in Dushanbe (Tajikistan) in March and October 2000. The technical assistance was focussed on the preparation of a Medium-term Strategy of Economic Reconstruction, Recovery and Reform, Strategy for sub-regional economic cooperation of the economies of Central Asia, Plan of Action and investment projects for submission to the International Economic Conference to be held on 15-16 October 2001.

75. *Development of Transport Infrastructure and Border-Crossing Facilitation.* Two Project Working Group (PWG) sessions were held in Almaty (Kazakhstan) in April and October 2000. Technical assistance was concentrated on the preparation of a list of priority transport infrastructure investment projects of regional significance; preparation of a joint SPECA/International Road Transport Union (IRU) seminar on the issues of economic significance of road transport to be convened in 2001; establishment of national committees for trade and transport facilitation; and formulating a SPECA Memorandum of Understanding on the facilitation of international road transport of goods in the region.

76. SPECA activities were also promoted during the following events: the Eurasia Economic Summit 2000 (Almaty, 26-28 April 2000); the Information Sharing Meeting on Central Asia organised by OSCE (Vienna, Austria, 18 July 2000); the Asian Development Bank conference on Central Asian Cooperation in Transportation (Almaty, Kazakhstan, 26-27 September 2000); and consultations with Interregional Centre of Banking and Financial Technologies (Moscow, Russian Federation, 29 September 2000). In March 2000, contacts were established with the George C. Marshall European Centre for Security Studies and the issue of the Centre's participation in SPECA was discussed. As a follow-up to those contacts, the Regional Adviser was invited to be a lead speaker on the issues of economic and environmental risks at the Conference on "Promoting Stability in Central Asia" (Tashkent, 15-19 May 2000).

Black Sea Economic Cooperation (BSEC)

77. Technical assistance has continued to be provided mainly in the field of SMEs and transport infrastructure development. In order to establish a basis for closer cooperation, work has started on the preparation of a Cooperation Agreement between the UNECE and BSEC, which would extend cooperation to such areas, as: economic analysis and statistics, protection of the environment, sustainable energy, inland transport, trade, industry and entrepreneurship.

78. A substantive contribution was made to the Second and Third Meetings of the Council of the Ministers of Foreign Affairs of BSEC (Chisinau, 27 April 2000 and Bucharest, 20 October 2000), and to the *Business Opportunities in the BSEC Region Conference* (Yalta, 7-9 September 2000).

79. Expertise and technical support was provided to the organization of the following workshops organised with the financial support of the Konrad Adenauer Foundation: Environment

Protection and SMEs (Baku, Azerbaijan, 30-31 March 2000); The Role of Micro-credit, Guarantee Funds and Small Scale Credit Institutions (Sofia, Bulgaria, 11-12 May 2000); SMEs in Agro-business and Rural Development (Tbilisi, Georgia, 28-29 September 2000); and Technology Transfer and SMEs (Thessaloniki, Greece, 29 November - 2 December 2000).

80. In the field of transport, technical assistance was provided to the BSEC Working Group of Transport in the preparation of a BSEC Transport Action Plan and a MoU on the facilitation of road transport of goods in the BSEC region. Promotion efforts were undertaken to speed up the accession of BSEC Member States to ECE legal instruments.

Central European Initiative (CEI)

81. Technical assistance has continued to be delivered within the framework of the "ECE/CEI Cooperation Programme on European Integration" under the Cooperation Agreement signed in May 1998 between ECE and the Central European Initiative (CEI). Joint promotion of investment opportunities, based on the ECE/CEI Project Opportunity Methodology, has been undertaken through compiling project portfolios, submitting them to financial institutions, participation in various meetings, as well as organizing some of them.

82. The most substantive ECE contribution was made to the annual CEI Summit Economic Forum (Budapest, 22-25 November 2000). A number of ECE staff actively participated in its deliberations through serving as discussion leaders, providing substantive lectures and chairing various meetings. A special publication entitled "Through the Looking Glass", prepared by ECE specifically for this Forum, was presented and distributed among the participants. A CEI Declaration "SMEs at the Dawn of the Twenty-first Century", which was initiated by the ECE, was adopted at the Ministerial meeting on 24 November 2000.

83. During 2000, more than 100 project proposals were collected, analysed and processed. In order to promote the CEI Project Portfolio, the list of CEI Portfolio projects and information on specific project proposals were sent to 30 financial institutions (including EBRD and IFC/WB). A first feedback received from these institutions indicates that the CEI projects raised their interest and led to preliminary negotiations on a number of the submitted project proposals (8 financial institutions showed their interest in 11 projects).

84. Work has continued on the project "Micro-financing and advisory services for rural areas in Albania", which was designed to provide micro-loans supported by advisory services for small local entrepreneurs and family businesses in Albanian villages, with particular attention to refugee hosting areas. The CEI allocated USD 252,000 for the implementation of this pilot project in cooperation with the ECE and the Rural Finance Fund (RFF) of Albania. The disbursement of loans has already begun.

85. Technical assistance was provided to the Central European Initiative Wholesale Markets Foundation (CEI WMF) in the preparation of a technical assistance project proposal for CEI and EBRD financing. The objective of the proposed TC project is to assist the start up and to strengthen the operational viability of the wholesale markets implemented by the EBRD. This can be achieved by improving managerial and technical skills and the access to resources, establishing commercial links for exports and developing technical capabilities within the wholesale markets in order to ensure sustainability, after phasing out the TC project.

86. Substantive ECE contributions were made to the CEI Committee of National Coordinators (Geneva, 6-8 March 2000); Regional Investment Forum 2000 "Economic Infrastructure of Southeast Europe" (Sarajevo, 21-22 March 2000); and International Conference on Financing SMEs (Bled, 10-12 October 2000). Cooperation was also maintained on: promotion of women entrepreneurs, competition law and real estate development (follow-up to the round tables organised within the CEI Summit Economic Forum in Budapest, 22-25 November 2000); Best Practices in Business Incubators as a complementary activity to the CEI Business Advisory Services - BAS Project; ECE Dissemination Centre for Best Practices and Lessons Learned in Enterprise Development; identification of investment project proposals on energy efficiency within the POM framework.

Commonwealth of Independent States (CIS)

87. Technical assistance has continued to be provided within the framework of the Memorandum of Working Relationships between the ECE and the Interstate Economic Committee of the Economic Union of CIS signed in April 1997. Cooperation with the CIS bodies has been heavily conditioned by the fact that the organisation has been undergoing a transformation to reflect new realities of relations among the post-Soviet states. Consultations with the Executive Secretary of the CIS were held in April and September 2000 on the issues of cooperation between the two organisations after the restructuring of the CIS and its governing bodies, during which information was exchanged on the emerging new organisational structure, CIS priorities and main prospective areas of cooperation between the two organisations, in particular within the framework of the SPECA.

88. A second phase of the project "Energy Efficiency and Security in CIS" was launched. A meeting of the group of CIS experts was organised together with the secretariat of the CIS Executive Committee in Geneva on 31 October-2 November 2000. Three meetings of the ad hoc Project Group responsible for the preparation of study "Energy Conservation as a Factor in Increasing the Energy Security in the member States of the Commonwealth of Independent States", to be prepared within the project, were held in Moscow on 10-11 February 2000, 15-16 May 2000 and 26-27 October 2000 respectively. A final version of the study was approved by 11 Governments of the participating countries and presented to the tenth session of the Committee on Sustainable Energy on 31 October 2000.

89. Technical assistance and information on relevant ECE activities were provided to the CIS Interstate Euro-Asian Coal and Metals Community in the area of technical cooperation in the utilisation of methane gas in the coal mines for the production of electric energy.

90. Contacts have continued with the CIS Interstate Council on Standardisation, Certification and Metrology. Presentations on the UNECE standardisation-related activities were made at the sessions of this Council, held in Tbilisi, Georgia, June 2000, and Lvov, Ukraine, October 2000.

91. Preliminary consultations with the Consultative CIS Committee on Small Businesses were held with the aim of providing technical and advisory assistance in formulating a CIS Declaration on SMEs, and general support to this Committee in the area of the SME development.

92. Consultations with the CIS Statistical Committee resulted in an ECE/CIS agreement to organise a seminar on specific issues of national accounts for CIS member countries in cooperation with OECD in St. Petersburg (Russian Federation) in 2001.

Mediterranean region

93. Following recommendations expressed by the Commission at its fifty-fifth session in May 2000, the following three joint ECE/ECA/ESCWA interregional project proposals have been jointly elaborated: exchange of experience and best practices in alternative approaches to financing new and renewable energy projects; capacity building in trade facilitation and electronic business in the Mediterranean; and water and environment.

94. Under the energy project, a proposal on "Alternative approaches to financing new and renewable energy projects", aimed at exchanging experiences and best practices among the countries of the Mediterranean region, was submitted to the national competent authorities with a request to support the proposal and to provide the name of an institution which could act as a national focal point for this project. As indicated in the proposal, the second step will be the development of a regional network of stakeholders and the organisation of a stakeholders' workshop to formalise the network and identify its priorities.

95. The proposal on trade facilitation and electronic business, which capitalizes on the ECE experience in this area, has been upgraded on the basis of feedbacks received from selected potential partners and stakeholders, such as UNCTAD, EC, and EFTA. The initiative will focus on trade among the non-European Union Mediterranean countries- members of ECE, ECA and ESCWA. Contacts have been established with UNCTAD to explore possible synergy. The ultimate objective of the project is to increase the competitiveness of local companies in regional and global markets through simplifying and harmonizing trade procedures throughout the transaction chain; implementing automated processes and information technology for administration and commerce; and facilitating a SME participation in electronic business. The project with a budget of USD 600 000 has been included in the list of proposals for the UN

Development Account funding (biennium 2002-2003). Some Member States expressed their willingness to consider requests for supplementary funding for specific components of the project. Malta has indicated its willingness to host the initial seminar to reach out and further sensitise the countries of the region.

96. The ESCWA organised an Expert Group Meeting in Sharm El-Sheikh, Egypt, on 8-11 June 2000, which was attended by water and environment experts of the secretariats of the three regional commissions. The meeting reaffirmed that the Mediterranean countries are facing common environmental problems and development constraints related to water scarcity and resource degradation, and many are becoming increasingly dependent on internationally shared water resources, in particular ground waters. Substantial experience exists with monitoring, assessment and management of ground waters at the regional level, especially within the ECE. Based on this experience, and that of other organisations, a joint ECA-ECE-ESCWA project proposal is being formulated, aiming at the development of tools and mechanisms for sustainable utilisation, management and protection of internationally shared ground water resources in the Mediterranean region, with ESCWA as lead organisation. Immediate objectives of the project might be to: mobilise and establish mechanisms of cooperation between concerned Member States and regional institutions; implement and test the management and protection mechanisms, based on a review of international experience; develop specific technical guidelines for monitoring and assessment of specific categories of ground waters; and assess and strengthen the capacity for management and protection of internationally shared ground water resources. Contacts with MAP-MEDPOL, EU supported SMAP, and the International Initiative on Internationally Shared Aquifer Resources Management Programme (managed by UNESCO, IAH, FAO and ECE), have been positive.

97. Operational activities in the Mediterranean region were continued in the field of energy, SMEs, forest industries and statistics. In cooperation with the Tunisian Ministry of Industry and the Tunisian electricity and gas company, the ECE Gas Centre organised the Mediterranean Gas and Power 2000 Conference: Trade and Convergence in a Changing Region, held in Tunis on 11-12 April 2000. The Seminar on organizational assistance, support measures and credit facilities for SMEs was organized by the Israeli Institute and the Small Business Authority of Israel on behalf of the Ministry of Foreign Affairs of Israel in cooperation with ECE in Tel Aviv (Israel) on 27-29 February 2000. Preparations were made for convening a Training Seminar on high-tech business and innovative incubation for the Mediterranean countries in the future. However, the political disturbances which have broken out in the Middle East have interrupted efforts to further this project. A seminar on harvesting of non-wood forest products in the Mediterranean region was held in Manemen (Turkey) on 2-8 October 2000. ECE participated in the Workshop on Integrated Coastal Area Management (Mediterranean Action Plan) in Toulon (France) on 10-12 January 2000.

III. FUND-RAISING

98. The most notable results in fund-raising were achieved in the energy sector. The Energy Efficiency 2000 project receives annually about 200,000 - 250,000 USD and the Gas Centre - about 400,000 USD per year.

99. In the field of entrepreneurship and SME development, the following extra-budgetary financial resources were mobilized: 50,000 USD from Israel for funding the seminar on "Organizational Assistance, Support Measures and Credit Guarantee for SMEs" (Tel Aviv, February 2000); 200,000 DM from the Konrad Adenauer Foundation for organizing the four ECE/BSEC workshops; 3,000 ECU from Poland for funding the seminar on "Venture Capital and Innovative SMEs" (Warsaw, 5 October 2000); 2,000 USD from the Czech Republic for preparing a Publication on "Best Practice in Development of Entrepreneurship and SMEs in CITs: The Czech Experience"; 9,500 USD from Hungary for financing the Forum on "Best Practice in Development of Entrepreneurship and SMEs in CITs: The Hungarian Experience" (Geneva, November 2000); and 10,000 ECU from the EC to finance the participation of eight experts from the Russian Federation and Ukraine in the UNECE Forum and Expert Meeting (Geneva, November 2000).

100. For the Environmental Performance Review programme 163,200 USD were pledged by France, Germany, Italy and the Netherlands and for preparing Country Profiles on the Housing Sector project the Netherlands contributed 50,000 USD. The CEI, Germany and Italy contributed 45,000 USD for funding the high-level Expert meeting on the preparation of the water environment protection programme for the Adriatic-Ionian region, held in Split in May 2000

101. In the field of transport, one million Euro were approved by TACIS for a Training programme on the transport of hazardous and dangerous goods for Belarus, Republic of Moldova and Ukraine.

102. In the field of statistics, 15,000 USD were paid by Eurostat for the participation of countries from Central and Eastern Europe and from the CIS in special work sessions on national accounting issues for countries in transition (Geneva, April 2000 and Paris, September 2000). 14,000 USD were paid by UNDP for a preliminary desk study on social reporting and monitoring in transition countries (December 2000). UNDP funding for the whole project on social reporting and monitoring in transition countries, that was officially approved at the beginning of January 2001, amounts to 338,000 USD for 2001 and 185,000 USD for 2002.

IV. OBSTACLES AND PROBLEMS

103. Lack of financial resources has continued to be a major obstacle to expanding operational activities and responding to the needs and requests of member States, especially from the CIS.

104. Accession to ECE legal instruments requires direct and frequent contacts with countries in transition and the lack of funding has resulted in reduced activities with detrimental effects on the accession process. In turn the success of the implementation of legal instruments depends on the availability of adequate institutional capacity and capabilities at the national level, which is a rare case among the economies in transition. To compensate for the shortcomings of national institutions and human resources, the ECE has often provided training or other types of technical assistance. Funding for such activities was made available through TFACT. The Regional Adviser on Transport has played a catalytic role in assisting a number of countries in raising funds through third parties, without such funds flowing through the ECE. This was done in order to conform to the administrative requirements of other international funding institutions, such as EU/TACIS, and also to save in transaction costs. This indirect way of raising funds is worth being considered by the ECE as an option.

105. The greatest obstacles that have hindered the efficiency of operational activities carried out in the economies in transition are the following: frequent changes of Governments and instability of countries' managerial system; lack of national experts of appropriate level and huge bureaucracy in some countries; generally poor communication systems; complications of internal procedures and frequent changes of contact experts and bodies; complexity of rules and procedures of the UN system; absence of strategic focus on key priorities of operational activities in sub-regions and each particular country; and limited coordination of the UN system activities at the regional and country levels.

106. In some cases (SPECA, for example), the biggest problem has been an actual withdrawal of some member States from participating in the sub-regional programme (Uzbekistan and Turkmenistan). The ECE and ESCAP, at the request and with the support of Kazakhstan, Kyrgyzstan and Tajikistan, have kept trying, without much success, to involve the above listed countries in the programme.

107. An essential ingredient for an effective policy development, implementation and delivery of Government policies is the presence of well-trained and motivated staff. However, some of the economies in transition have continued to suffer from a high staff turnover in governmental institutions mainly due to the lack of job stability, security and adequate remuneration. The lack of adequate transfer of information, knowledge and expertise gained during seminars and workshops, organized by the ECE, between the officials for follow-up action is another problem, undermining the effectiveness of the ECE operational activities granted to these countries.

108. Concerted efforts are required by Governments to address the problems in human resources management and policies within their respective institutions in order to ensure that the ECE assistance benefits countries' economic development.

109. Finally, there is a need for a better equipment of the ECE Regional Advisers with ICT, when they travel to countries with an underdeveloped communication system, to enable them to better coordinate various field activities with the ECE headquarters.

V. CONCLUSIONS

110. The ECE operational activities continue to be under great demand from economies in transition and, especially from the CIS. In an attempt to meet this growing demand, some ECE Divisions have stretched thinly their capacity, which could undermine the effectiveness of their activities. This, first of all, relates to the Energy and Transport Divisions.

111. Taking into consideration the importance of these activities for economies in transition and the ECE region as a whole, the Commission may wish to consider a possibility of shifting to or increasing the resources allocated to these two sectors.

112. In the light of the Millennium Summit goal to eradicate poverty and the importance of entrepreneurship and SME development for consolidating and sustaining the achievements accomplished so far and the process of transition, the Commission may also wish to consider the possibility of providing more systematic financial support for the operational activities associated with building up institutional and organizational capacities and capabilities in these areas. Furthermore, in many cases, these activities may be linked with or complement those aiming at industry re-structuring, especially in declining industrial regions.

113. The Commission may also wish to look into the possibility of providing technical assistance in some areas in an integrated form to ensure a better sustainability and effectiveness of projects and programmes. Such an approach has been successfully implemented in the energy sector, and may be replicated and extended to other sectors, reinforcing a cross-sectoral and multi-dimensional impact of the ECE operational activities.

114. Finally, taking into account negative development trends (impoverishment, growing social inequalities, aging industrial assets, etc.) and implications of recent and on-going conflicts in some country-groupings of the ECE region, the Commission may wish to consider options for more vigorous remedial measures and activities, contributing to economic stabilization and growth recovery in the countries affected. These measures could include, among others, technical assistance to the countries which would be affected by the EU enlargement, in order to offset the impact of trade diversion.
